

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re

THE COMMONWEALTH OF PUERTO RICO, THE
PUERTO RICO SALES TAX FINANCING
CORPORATION, THE PUERTO RICO HIGHWAYS
AND TRANSPORTATION AUTHORITY, THE
EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF THE COMMONWEALTH OF
PUERTO RICO, THE PUERTO RICO ELECTRIC
POWER AUTHORITY, AND THE PUERTO
RICOPUBLIC BUILDINGS AUTHORITY, THE
FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

Debtors.¹

PROMESA
TITLE III

No. 17-BK-03283 (LTS)

(Jointly Administered)

**SUPPLEMENT TO VERIFIED STATEMENT IN COMPLIANCE WITH
REQUIREMENTS UNDER THE *PUERTO RICO RECOVERY ACCURACY IN
DISCLOSURES ACT*, PUB. L. NO. 117-82 (“*PRRADA*”) OF BROWN RUDNICK LLP,
CLAIMS COUNSEL TO THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD, ACTING THROUGH ITS SPECIAL CLAIMS COMMITTEE**

TO THE HONORABLE LAURA TAYLOR SWAIN
UNITED STATES DISTRICT COURT JUDGE:

Brown Rudnick LLP hereby files this supplement (“Supplement”) in further support of its
Verified Statement in Compliance With Requirements Under The *Puerto Rico Recovery Accuracy
in Disclosures Act*, Pub. L. No. 117-82 (PRRADA) of Brown Rudnick LLP, Claims Counsel to The

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK- 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Financial Oversight and Management Board, Acting Through its Special Claims Committee which was filed on May 16, 2022 [Doc. No 20842].

This Supplement is provided to address and provide answers to the various questions raised by the United States Trustee which are set forth in Schedule A annexed hereto.

Boston, Massachusetts
Dated: June 28, 2022

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	Statement	UST questions	Brown Rudnick response
Services Agreement p. 18	“Some of [Brown Rudnick’s] equity partners may have an interest in Puerto Rico debt through general or other investment funds managed by a financial institution or other investment firm. We are not aware of any direct investments by our equity partners.” Independent Contractor Services Agreement, Exh. C, Question 8.	Who at Brown Rudnick? Did any such partners have access to confidential financial information about Puerto Rico in the Title III cases? Did any Brown Rudnick personnel invest in (directly or indirectly) or divest from (directly or indirectly) Puerto Rico debt after July 1, 2019?	<p>The firm’s Investment Activity Policy broadly forbids investment relating to securities of clients, and permits securities investment activity by third parties if the investor is not consulted when such activity occurs. The firm has not received any requests for approval of investment in connection with the Puerto Rico representation or restructuring. Accordingly, the firm has no knowledge of any specific holding of Puerto Rico securities by any firm personnel.</p> <p>The firm’s Investment Activity Policy (and applicable law) likewise forbid securities investment activity in connection with receipt of confidential client information. Additionally, Confidential financial information relating to the firm’s representation of the Special Claims Committee has at all times been restricted to the attorneys working on the representation.</p>
Services Agreement p. 112	Indicates one of the principal attorneys that worked on the K&K Report was an equity partner at Brown Rudnick until 2016.	What is the K&K Report? How does it relate to the Title III cases?	The Final Investigative Report published by Kobre & Kim LLP on August 20, 2018 pursuant to its appointment as Independent Investigator for the Financial Oversight & Management Board for Puerto Rico, commonly referred to as the K&K Report. The K&K Report led to the appointment of the SCC and retention of professionals to investigate and pursue potential litigation claims identified in the report. Please see, e.g., section V.H of the Disclosure Statement filed in connection with the Commonwealth Plan of Adjustment, Docket No. 17628 in the main docket.

	Statement	UST questions	Brown Rudnick response
			Please note the K&K investigation and report predate Brown Rudnick's retention.
Services Agreement p. 113	Brown Rudnick "represents," in unrelated matters, entities that buy and sell distressed debt of chapter 11 debtors.	At any time during the Title III cases, did Brown Rudnick represent or advise any entity regarding the buying or selling of Puerto Rico debt?	<p>Brown Rudnick represented a party in connection with purchases and sales of loan advances issued pursuant to a credit agreement dated May 4, 2012 among Puerto Rico Electric Power Authority, the Lenders parties thereto, and Cortland Capital Market Services LLC (as successor agent to Scotiabank de Puerto Rico), as Administrative Agent.</p> <p>Brown Rudnick represented the party as buyer in nine separate trades concerning a total face amount of approximately \$87 million of indebtedness under the loan, and the same party as seller in three separate trades concerning a total face amount of exactly \$17 million of indebtedness under the loan. The aggregate amount of advances for all lenders as of the last trade date was approximately \$550 million.</p> <p>While the Special Claims Committee investigated certain indebtedness of Puerto Rico and its instrumentalities arising from the K&K Report and related activities pursuant to its limited mandate, (i) the K&K Report indicates no infirmity in this loan (referring only briefly to its existence among a number of related credit lines), (ii) the Special Claims Committee has taken no action in respect of the loan, and (iii) Brown Rudnick is unaware of any investigation or impropriety alleged in connection with the loan. Notwithstanding the foregoing, at no time have any Brown Rudnick personnel involved in the aforementioned trades worked on any matters for the Special Claims</p>

	Statement	UST questions	Brown Rudnick response
			Committee or otherwise been provided access to financial or other confidential information relating the firm's work for the Special Claims Committee. Confidential financial information relating to the firm's representation of the Special Claims Committee has at all times been restricted to the attorneys working on the representation.
	The declaration filed at D.I. 20842 does not contain an averment that Brown Rudnick is a disinterested person.	Is Brown Rudnick disinterested (as defined in 11 U.S.C. § 101(14))?	Yes.
		Did any of the parties listed in Schedule 1 constitute more than 2% of Brown Rudnick's gross revenues in any year since 7/1/19?	No.

	Statement	UST questions	Brown Rudnick response
		Please confirm whether Brown Rudnick checked for connections as to all parties on the amended Material Interested Parties list (D.I. 20458).	Confirmed.
		We would ask that Brown Rudnick please file its initial disclosures (posted on the Oversight Board's website) on the Title III docket.	See Docket No. 21177.